

BODY: CABINET

DATE: 12 July 2017

SUBJECT: Corporate Performance 2016/17

REPORT OF: Deputy Chief Executive & Director of Regeneration and Planning

Ward(s): All

Purpose: To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets over the 2016/17 period.

To update members on the Council's financial performance against the approved budgets for the year 2016/17

To present the annual statements of accounts for 2016/17

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Recommendations: Members are asked to:

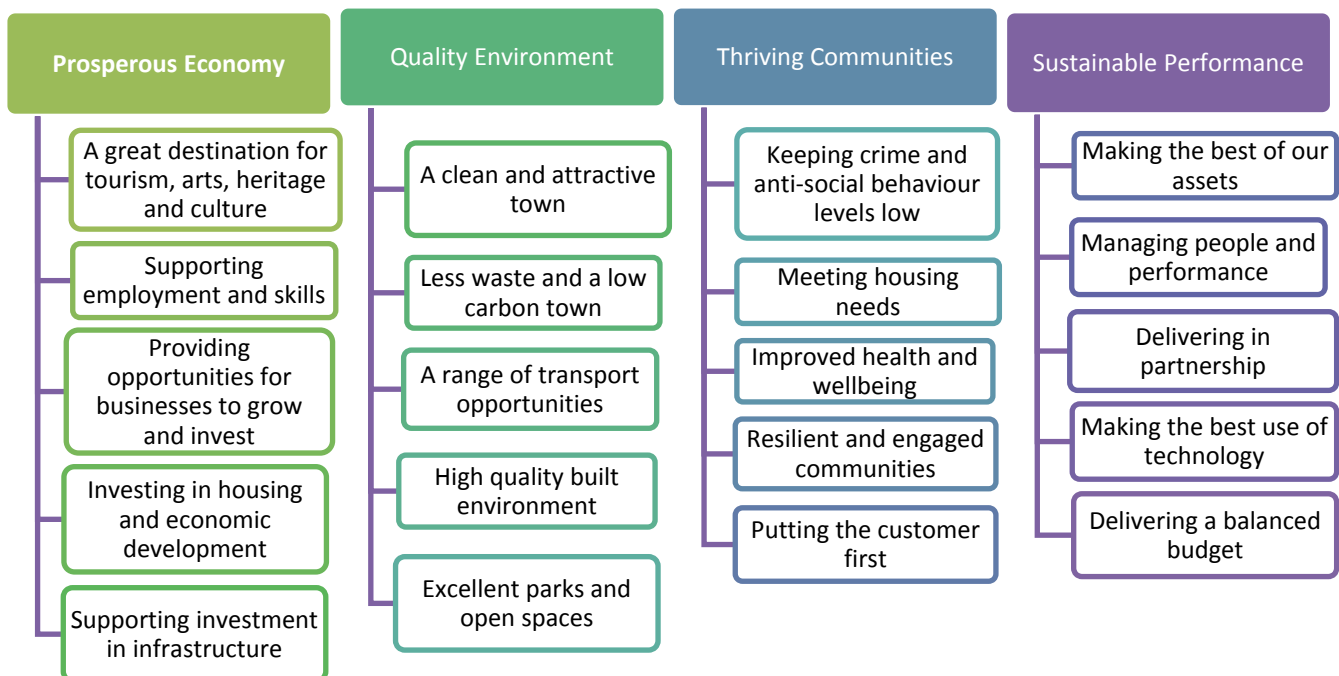
- i) Note the highlight achievements and progress against Corporate Plan priorities for 2016/17.
- ii) Consider whether there are any particular aspects of Council progress or performance that it wishes to comment upon or consider further as part of its working programme in 2017/18.
- iii) Agree the general fund outturn on services' expenditure for 2016/17 of £15.1m, a total favourable variance of £138,000 against the revised service budget.
- iv) Approve the transfer from/to reserves as set out in appendix 3.
- v) Agree the Housing Revenue Account surplus for 2016/17 of £688,000
- vi) Approve the final Capital Programme as set out in Appendix 5, and agree the outturn for 2016/17 of £26.9m

1.0 Introduction

- 1.1 The performance of the Council is of interest to the whole community. People expect high quality and good value for money services. Performance monitoring, and a strong performance culture helps us to ensure we continue to deliver excellent services and projects to our communities in line with planned targets.
- 1.2 This report sets out the Council's performance against its targets and projects for the fourth quarter of 2016/17 (Jan-March 17) and also its position at year end, against the targets set for the full year 2016/17.
- 1.3 The Council has an annual cycle for the preparation, delivery and monitoring of its corporate and service plans. This cycle enables us regularly to review the Council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and Council aspirations.

2.0 Themes and Priority Visions

- 2.1 The Corporate Plan was developed with 4 themes to focus delivery of improvement activity for the borough. Each of these themes had its own priority vision for how the authority and its stakeholders wanted Eastbourne to develop. Performance is measured against these themes and objectives.








3.0 2016/17 End of Year Performance Overview

- 3.1 [Appendix 1](#) provides detailed information on progress and performance for Members' consideration, clearly setting out where performance and projects are 'on track/on target' and where there are areas of under-performance/concern. Where performance or projects have not achieved target, an explanation is provided, together with a summary of the

management action that has been taken to address this. The Appendix is structured around the key Theme areas.

- 3.2 The Council uses a Project and Performance Management System (Covalent) to record, monitor and report progress and performance. The system uses the following symbols to indicate the current status of projects and performance targets:

	Performance that is at or above target
	Project is on track
	<ul style="list-style-type: none"> Performance that is slightly below target but is within an agreed (usually +/- 5%) tolerance Projects where there are issues causing significant delay or change to planned activities
	<ul style="list-style-type: none"> Performance that is below target Projects that are not expected to be completed in time or within requirements
	Project has completed, been discontinued or is on hold

4.0 Summary of Progress and Performance – Quarter 4/Year End 2016/17

4.1 Prosperous Economy

Achievements

- 3 million visitors to Eastbourne for the first time ever.
- 60 affordable homes delivered – twice the target level
- Over 50,000 Bandstand Patrons – 20,000 over target
- Tourism spend rose by 2.4% on the previous year
- Extension to the Arndale is progressing well
- Events programme delivered successfully

Current Issues / missed targets

- 203 New Additional Homes delivered against a target of 241
- 9370 Redoubt paying visitors against a target of 15,200 which reflects the declining interest in regimental museums.
- Wish Tower Project– new restaurant suffered delays after the preferred operator withdrew
- Sale of EBC freehold in Downland Farms was halted following community consultation

4.2 Quality Environment

Achievements

- 36 Longstanding Empty Properties brought back into use
- 87% of minor and other planning applications were processed within 8 weeks

- Fly-tipping has been reduced in the Town dramatically, only 476 incidents reported in 2016-17 against a target of 1500 due to proactive work by Neighbourhood First
- Waste sent for recycling has improved by 4% on last year's figures
- The final tender for the Joint Venture has been issued

Current issues

- There were 9 major planning applications in 2016/17 and although 5 of these were dealt with within 13 weeks, 4 missed the target time. The team continue to work closely with developers to ensure we determine these within the time period, and if a time extension is required then this is mutually agreed with the applicant.

4.3 Thriving Communities

Achievements

- Eastbourne still remains in the three lowest Community Safety Partnership areas for all crime despite a rise in crime across Sussex due to changes in reporting
- The planned Parks and Playground improvements were completed
- The county-wide partnership Health & Housing Programme is delivering benefits for our most vulnerable citizens including a successful bid to the DCLG to support the prevention of homelessness and a Social Impact Bond to deliver a Housing First project for entrenched rough sleepers
- A new leisure centre is in the design stage
- The Homes and Economic Development programme is delivering affordable homes and neighbourhood projects in Devonshire and offers such as shared ownership homes are available in the current development plans
- A new joint housing investment company is being formed with Lewes
- We have continued to directly acquire and develop new housing through investment vehicles such as Eastbourne Housing Investment Company Ltd.
- A Community Lottery for Eastbourne was approved in February, and will go live in October 2017 to deliver funds for good causes

Current issues

- The average time for assistance with Disabled Adaptations is 107 days, missing the 100 day target. Considerable work is ongoing with partners in housing associations, other districts and boroughs and at County level to improve performance in this area
- At the end of Quarter 4, 58 households were living in temporary accommodation, above the target of 30. This reflects an increase in homelessness across the South East. Work is underway to find suitable alternatives to using emergency accommodation.
- Calls to the contact centre have increased, meaning that it took longer than we would have liked to answer calls in the first three quarters of the year. However performance is now back on track, and in Quarter

4, 82.72% of calls were answered within 3 seconds, and only 2.52% were abandoned.

- Sovereign Harbour Community Centre has suffered delays as a different site to that originally planned for the facility was agreed.

4.4 Sustainable Performance

Achievements

- The Joint Transformation Programme Phase One internal recruitment is now completed. Work is currently underway to allow Phase One teams to go-live (e.g. single network login and email account, proper support plan for new managers). There are some risks around programme interdependencies needing further development, but activity is underway to better understand these.

Current Issues

- The amount of Transformation programme activity is gearing up and this means that the resource impact on both the wider organisation and then programme team itself is considerable and needs careful managing.

5.0 Community Ward Projects - Devolved Budget

5.1 These are at the end of Appendix 1 detailing current Devolved Budget spend by ward and the projects that have been supported through this scheme so far this year.

Each ward has a total of £10,000 available to spend each year on schemes requested by the local community.

6.0 Financial Performance – General Fund

6.1 The final outturn for service expenditure for the year 2016/17 was £15.1m and is analysed as follows:

	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
Corporate Services	5,721	6,190	6,110	(80)
Community Services	6,071	6,166	5,820	(346)
Regeneration, Planning Policy and Assets	111	135	179	44
Tourism & Enterprise	3,217	3,198	3,079	(119)
Other Operating Income and Expenditure	(469)	(363)	-	363
Service Total	14,651	15,326	15,188	(138)
Capital Financing costs	1,834	1,320	774	(546)
TOTAL EXPENDITURE	16,485	16,646	15,962	(684)

Council Tax	(7,863)	(7,863)	(7,863)	-
Business Rates	(4,035)	(4,035)	(3,616)	419
Government Grants	(3,268)	(3,873)	(3,746)	127
TOTAL FUNDING	(15,166)	(15,771)	(15,225)	546
Transfer to Reserves	1,319	875	737	(138)

Service outturn shows a favourable variance of £138,000 which resulted in a reduced sum required to be transferred from the General Fund reserve to support expenditure.

6.2 The table at **Appendix 2** shows the Council's financial outturn compared to the agreed budget at service level. A more detailed breakdown at code or transactional level is available from Financial Services.

6.3 Service expenditure variance for the year is principally as a result of:

Summons income above target	(£105k)
Bereavement income above target	(£101k)
IT contract and infrastructure savings	(£97k)
Catering Admin saving plus increase in net income	(£94k)
Solarbourne income above target	(£78k)
Street Cleansing contract savings	(£76k)
Car Parking income above target	(£73k)
Development control income above target	(£63k)
Events net income above target	(£57k)
Theatres net income above target	(£56k)
Recycling contract savings and credits over target	(£47k)

These have been offset in part by the following negative variances:

Re profiling of JTP savings target	£363k
Increase in provision for bad debts for Housing	
Benefits overpayment	£184k
Airbourne	£69k
MMI scheme of arrangement levy	£47k
PR Contract additional work	£37k
Bed and Breakfast Accommodation	£33k

6.4 Any future financial implications arising from the variances will be taken into account as part of the Service and Financial Planning process.

6.5 The General Fund summary figures include the transfers to and from reserves as shown in **Appendix 3**. In many cases these transfers reflect items previously agreed, or at the very least where the principle of a transfer from reserves had been established as part of the overall budget strategy.

6.6 The balances as at 31.3.17 for usable general fund revenue reserves are as follows:

Reserve	31.3.17 £'000
General Fund	2,661
Repairs and Maintenance (Capital Programme) Reserve	2,573
Regeneration Reserve	541
Devonshire Park Reserve	959
Earmarked Reserves	455

7.0 Financial Performance – HRA

7.1 HRA performance of the quarter is as follows:

	Original Budget £'000	Revised Budget £'000	Actual £'000	Variance £'000
HRA				
Income	(15,586)	(15,703)	(15,744)	(41)
Expenditure	12,560	12,553	12,250	(303)
Capital Financing & Interest	1,809	1,809	1,779	(30)
Contribution to Reserves	924	924	1,027	103
Total HRA	(293)	(417)	(688)	(271)

A further breakdown is shown at **Appendix 4**.

7.2 HRA performance shows a favourable variance of (£271,000), which is mainly due to the new properties let at affordable rents not included in the budget (£59k), a reduction required for the provision for bad debts (£148k) and the slow take up of the under occupation scheme (£48K).

7.3 The difference between the budget figure for depreciation based on the 30 year Business Plan and the actual calculated amount of £102,700 is transferred into the Housing Regeneration and Investment reserve in line with the Budget Strategy to provide flexibility for funding future major projects or the repayment of debt.

7.4 The balance as at 31.3.17 on the usable Housing Revenue Accounts Reserves are as follows:

Reserve	31.3.17 £'000
HRA	4,366
Housing Regeneration and Investment Reserve	2,518
Major Repairs Reserve	514

8.0 Financial Performance – Capital Expenditure

- 8.1 A summary of capital expenditure for the year is shown in **Appendix 5**.
- 8.2 The revised capital for 2016/17 was £45m and the outturn was £27m, a variance of £18m. This variance of £18m relates to the purchase of Hampden Retail Park taking place in early April rather than as expected in March. A detailed reason for the variance against each scheme is shown at Appendix 5.
- 8.3 The main reason for the variance is due to the timing of the purchase of the Hampden Retail park, which was budgeted to happen in March 17, but was delayed until the new financial year.
- 8.4 Where schemes are being delivered over more than one year the programme has been re-profiled. Members are asked to approve the re-profiled programme for 2017/18.

9.0 Financial Performance – Collection Fund

- 9.1 The Collection Fund records all the income from Council Tax and Non-Domestic Rates and its allocation to precepting authorities.
- 9.2 The Collection fund for the year is as follows:

	Council Tax £'000	Business Rates £'000
(Deficit recovery)/Surplus distributed	1,359	(1,712)
Debit due for year	(59,075)	(32,645)
Payments to preceptors	57,668	34,948
Transitional Relief		208
Allowance for cost of collection		126
Allowance for appeals		(45)
Write offs and provision for bad debts	17	(112)
In year movement	(31)	768
Balance B/fwd 1.4.16	(1,403)	1,609
Balance c/fwd 31.3.17	(1,434)	2,377
Allocated to:		
CLG	-	1,188
East Sussex County Council	(1,047)	214
Eastbourne Borough Council	(191)	951
Sussex Police	(124)	-
East Sussex Fire & Rescue	(72)	24
	(1,434)	2,377

- 9.3 The allocation to preceptors reflects the operation of the Collection Fund for Council Tax and Business Rates which are distributed on different bases under regulations. The distributions for the estimated balance calculated at quarter 3 will be made in 2017/18. Any changes in quarter 4 will be made in

2018/19.

- 9.4 Council Tax performance has resulted in a £31,000 surplus for the year. As the aim of the collection fund is to break even the surplus represents an overachievement of £1.4m. This is due to the result of a combination of factors including better performance against the collection allowance within the Council Tax base and a reduction in the Council Tax Reduction scheme caseload. The balance as at 31.3.17 represents 1.65% of the gross debit.
- 9.5 The Business Rate deficit of £768,000 for the year represents an underachievement from business rate income of £2.3m. This is as a result of the on-going risk from the number of outstanding business rate for backdated appeals, and in particular one large backdated appeal refund made in March 2017. The total number of appeals outstanding as at 31.3.17 was 340 with a total rateable value of £27.1m. The deficit balance as at 31.3.17 represents 7.28% of the total debit for the year.

10.0 Treasury Management

- 10.1 In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2016/17. The Treasury Management Annual Report 2016-17 is being considered as a separate report on this agenda.

11.0 Statement of Accounts 2016/17

- 11.1 The Accounts and Audit Regulations 2015 require the Council to formally approve and publish its Statements for the financial year ending 31 March 2017 by 30 September 2017. The draft statement is available on the Council's Website and copies can be obtained from Financial Services.
- 11.2 It is the Chief Financial Officer's (CFP) responsibility to ensure the preparation of the Statement is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the code). The CFO is also responsible for certifying that the accounts represent a true and fair view of the authority's financial position at 30 June.
- 11.3 The major change to the code for 2016/17 was the introduction of a new format and reporting requirement for the Comprehensive Income and Expenditure (CI&E) and the Movement in Reserves Statements. These statements are supported by a new Expenditure and Funding analysis and a new Income Analysed by nature note. This change is as a result of the 'Telling the Story' review for the presentation of local authority financial statements.
- 11.4 The new format for the CI&E now reflects the management structure of the organisation rather than the old style common service analysis (SERVCOP) and can now be compared to monitoring statements produced throughout the year. Unfortunately this new way of reporting expenditure and income is not reflected in the various government returns, which are still based on SERVCOP requirements, as this allows data to be collected from all authorities in a consistent reporting structure.

11.5 Key Points of Interest on the Balance sheet are:

Item	31.03.16 £'000	31.03.17 £'000	Change £'000
Creditors (money we owe)	(10,117)	(10,350)	(233)
Debtors (money owed to us)	17,496	22,354	4,858
Fixed Assets	257,740	329,117	71,377
Pensions Liabilities/Reserve	(33,667)	(43,372)	(9,705)
Long Term Investments	238	238	0
Cash and Investments	1,953	1,857	(96)
Borrowings	(52,357)	(65,360)	(13,003)
Collection Fund	454	761	307
Earmarked Reserves	(8,300)	(8,976)	(676)
General Fund Balance	(3,284)	(2,661)	623
Housing Revenue Account	(3,677)	(4,366)	(689)

- Debtors has increased due to the long term loans awarded in the year to Eastbourne Housing Investment Company
- The value of fixed assets has increased due to capital expenditure during 2016/17 (£19.9m), the financial adjustments for the 5 year revaluation review carried out on 1 April 2016 (£41m) and the annual inflation review at the end of the financial year (£8.3m) less the charge for depreciation (£7.9m) and the write off of disposals.
- Pensions liabilities increase is due to changes in actuarial assumptions and reduction of discount rate
- Borrowing has increased due to the need to borrow to finance in year capital expenditure and lock into historically low interest rates. Whilst borrowing is not attributable to individual schemes, capital expenditure which was supported by borrowing included £4m in loans to EHIC, £2.5m for the acquisition of land and buildings, £0.6m for HRA schemes and £5m for Devonshire Park.

11.6 The external auditor (BDO) is due to commence work on 5th July and the accounts are open for public inspection between 3 July and 11 August 2017. All queries and questions to the Auditor must be put in writing and sent directly to BDO's offices.

12.0 Consultation

12.1 The priority themes were developed in consultation with residents via the Residents Survey and online Survey which were both conducted throughout July and August 2015 and informed the development of the corporate plan.

13.0 Implications

13.1 There are no significant implications of this report.

14.0 Conclusions

14.1 This report provides an overview of performance against the authority's priority actions and indicators as at Quarter 4 2016/17 and an overview of the achievements in 2016-17.

14.2 The General Fund show a service variance of £138,000 which is within 0.8% of the net budget.

14.3 The HRA delivered an surplus outturn of £688,000 representing 1.19% of turnover. The HRA balance is in line with the expectation and is sufficiently robust to support the housing self-financing 30 year business plan.

14.4 Capital expenditure is low at 60% of the budget but this is due to a major purchase delayed into the new financial year of £18m.

14.5 The Collection Fund balance for Council Tax is a surplus of £1.4m and a deficit of £2.4m for Business Rates. This will be allocated to or collected from preceptors during 2017/18 and 2018/19.

14.6 The final audited statement of accounts will be reported to the Audit and Governance Committee on 20 September 2017.

Background Papers:

The Background Paper used in compiling this report were as follows:

Corporate Plan 2016/20 <http://www.eastbourne.gov.uk/about-the-council/council-policies-plans-and-strategies/corporate-strategies/>